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C O N F I D E N T I A L SECTION 01 OF 04 SANTO DOMINGO 004690

SIPDIS

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TAGS: [DR](#) [ECON](#) [EFIN](#) [ENRG](#) [TBIO](#) [ETRD](#) [SNAR](#)

SUBJECT: MEMCON: THE AMBASSADOR AND THE DOMINICAN PRESIDENT, SEPTEMBER 29

Classified By: DCM Lisa Kubiske. Reason: 1.4 (b) and (d).

11. (C) On September 29 President Leonel Fernandez received the Ambassador for two hours in the Palace. Fernandez had just finished a four-hour meeting on energy and was unaccompanied. The Ambassador was accompanied by DCM and USAID director. Topics discussed, mostly at USG initiative, were:

- - Millennium Challenge Corporation - Encouragement to try to qualify for MCC assistance from 2006
- - HIV/AIDS - Use of grants from the Global Fund
- - Electricity sector - Update on the general situation; Fernandez is concerned about the financial implications
- - Ethics and government procurement - The Ambassador urged Fernandez to sign and issue the "bridge decree" directing that government procurement above defined ceilings be carried out through an open bid process
- - Illegal narcotics -- The Ambassador showed the President a chart of tracks of recent drug flights, largely from Venezuela; the Ambassador compared them to a Venezuelan attack on the Dominican Republic.
- - Police training program - - Concern that Secretary of the Interior Almeyda had not been supportive of plans for USG (INL)-funded police training activities
- - Cuba's activities in the Dominican Republic
- - Preview of the SOUTHCOM-organized assessment of management of the border with Haiti
- - Recent interruptions to express courier service due to forceful Customs interventions

12. (SBU) Fernandez raised the OAS General Assembly, which will take place in Santo Domingo in June, 2006, and his vision for forming a new Dominican Republic.

13. Detail follows:

(SBU) Millennium Challenge Corporation Funding: The Ambassador explained that the Dominican Republic was unlikely to be chosen for MCC funds this year, based on its ranking on a series of indicators compared to other lower middle income countries. He provided a list of the formal indicators used to rank countries, along with a chart that suggested that Dominican competitiveness had dropped significantly in the past year. U.S. officials suggested that the administration could work to show it had the political will to improve, possibly bring up its scores, and thereby have better prospects in 2006. Fernandez said he had wanted to put together a committee of people to work on this. He asked the Ambassador's opinion about a possible chair for the committee and suggested Andres van der Horst of the Competitiveness Council or Technical Secretary of the Presidency Temistocles Monts. U.S. officials suggested that as a senior administration official Montas might be a better choice. Fernandez said he would name Monts to head the committee.

(C) HIV/AIDS: Fernandez commented that the Dominicans need to be concerned about HIV/AIDS because neighboring Haiti has high rates. The Ambassador pressed Fernandez to get his officials to deliver results from the phase 1 grant from the Global Fund of USD 14 million

so as to qualify for a Phase 2 grant of USD 37 million. Fernandez expressed disappointment at hearing the program was functioning slowly. He said that he had thought that director of the anti-AIDS program COPRESIDA Alberto Fiallos would be more efficient than his predecessors.

(SBU) Electricity Sector: Fernandez said he expected energy to be very expensive for about two weeks. "If the price can get down to USD 60/barrel after that, we can manage." He planned to make budget adjustments in the last quarter of 2005 to cover the higher costs. Fernandez considered that the government could not pass along higher LPG prices to customers because that could provoke unrest. Fernandez said that in addition to the recent price shock, the Dominican Republic faces a problem with inefficient distributors in electricity. Separately, he also noted that the publicly owned distributors were not meeting IMF/World Bank targets on cutting losses via improved collections, and that international managers for government-owned regional distributors Ede-Norte and Ede-Sur had been hired. Fernandez said had given up on the idea of buying the two coal plants the government had been considering after learning that the seller was less than reputable. Instead, the government would issue an international public tender for coal plants to be constructed in 2007.

(C) Ethics Commission: Commenting on the abrupt resignation of technical director of the new Ethics Commission Gustavo Montalvo in August and later press reports of differences between the Commission and the director of the presidency's office for information services (OPTIC) Domingo Tavarez, Fernandez said that since OPTIC had been looking at acquiring Microsoft systems, it was very unlikely that there had been malfeasance in regard to the briefly published request for bids to furnish an "electronic portal for government." He said he had felt embarrassed by the need to suspend the tender and to ask for an Ethics Commission review. Fernandez commented that Montalvo had been unhappy anyway and had thought he was in charge of the e-government initiative. Fernandez said Montalvo had previously quit other assignments when unhappy.

(SBU) Draft "Bridge Decree on Government Procurement." The presidency has been holding since March a draft decree that would require government agencies to use public bidding process to acquire all goods, services, and construction valued above relatively restricted amounts. Fernandez said he wanted to hold a seminar in the next 15 days or so with government entities that would have to implement the decree. The seminar would explain the changes and officials' responsibilities under the new process. As soon as everyone understood, Fernandez said, he would sign it. He anticipated needing 6-7 months to establish all of the institutions needed for full implementation; even so, he said, he hoped to have the structure in place and ready to go at the time the CAFTA agreement goes into effect.

(C) Police Assistance/Almeyda. The Ambassador raised his concerns that recently announced programs of cooperation with the John Jay College of Criminal Justice in New York might distract from the NAS-funded basic training activities for the National Police. Fernandez expressed his strong interest in Dominican cooperation with John Jay, the New York Police Department, and others, though not to the exclusion of the USG-financed program. He inquired whether the USG might be able to fund the John Jay program. He said recognized that Secretary Almeyda's abrupt manner had caused some problems; he was aware, he said, that Almeyda had dressed down the new Dominican police chief in front of subordinates. Fernandez said he was "working on the Almeyda problem."

(C) Cuban Assistance. The Ambassador inquired about rumors that Cuba might be seeking involvement in police work and training. Fernandez said emphatically that Cuba was not doing any political, security, or "sensitive" training, and any such proposal would have to come through him.

(SBU) The President said Cuban assistance is accepted only for non-security, non-sensitive areas, such as:

- Adult literacy - under Cuba's program, adults could be taught to read in 7-8 weeks

- Providing copies of their educational curricula K-12 curricula in math, bio, physics, and chemistry so that the Dominicans can compare them with the national curriculum

and that used in New York state. The Education Ministry has already compared the national curriculum with that of New York.

- -Training of teachers

- - Eye care - originally, the Cubans wanted Dominicans to travel to Cuba, but the Dominicans asked the Cubans to train Dominicans here.

- - Assistance in the area of preventive medicine at the primary care level, because it would lower demand for the already overflowing Dominican hospital system

- - Certain kinds of natural disaster assistance (forestry, etc). Fernndez said that he wants Dominican technicians to understand what Cuba does in this area and how. The Ambassador referred to the USG programs in this area, and Fernndez suggested the USG provide training in meteorology. Fernndez said he would be interested in forming an alliance with Florida's hurricane center.

(C) Illegal Narcotics: Fernndez said he had named lawyer Vinicio "Vinch" Castillo his adviser on counter-narcotics and wants Castillo to develop strategy and policy for fighting illegal narcotics trafficking. He commented said that the National Anti-Drugs Agency (DNCD) needs to be cleaned out again. The Ambassador showed Fernndez a chart of recent air tracks from Venezuela to the Dominican Republic and compared the situation to a Venezuelan attack on the Dominican Republic. Fernndez looked and listened, without comment.

(C) Haiti. The Ambassador again expressed USG concern about Haitian nationals residing in the Dominican Republic while seeking to destabilize the Haitian elections.

(SBU) Border Assessment: The Ambassador noted that the assessment of the Dominican-Haitian border based on extensive fieldwork in July coordinated by the U.S. Southern was almost ready. Its recommendations would offer an opportunity for fundamental change.

(SBU) Express mail companies: The President and Ambassador reviewed the conflicts and changes that had resulted in a four-day suspension of Customs clearing services for all express mail companies, including the major international firms UPS, FEDEX and DHL. Fernndez reaffirmed that Customs Director General Miguel Cocco is capable and a man of integrity. He commented that the suspension was bad for the country's image. Fernndez had heard of the conflict while he was in the United States. The Ambassador said that honest U.S. companies should not be penalized for the suspect behavior of others.

(SBU) OAS General Assembly: Fernndez said he wants to propose the theme of "Digital Solidarity" for the June 2006 general assembly meeting to be held in Santo Domingo. His concept is to pursue a plan to get financing to provide more individuals access to the Internet.

(C) A new Dominican Republic: At the end of the two-hour conversation, President Fernndez said that the Dominican Republic was still in a painful transition, and he was having to deal with many problems simultaneously. "It will take a long time - more than another 4 year term or two - to create a modern Dominican Republic." He felt very alone, he said, because there was not yet a critical mass of people committed to public service with experience in running a modern government. Technical Secretary Temistocles Montas, Chief of Staff Danilo Medina, and Legal Advisor Pina Toribio were three who did understand and who formed the core of his team dedicated to a modern state.

(C) As for himself, Fernndez said, his own commitment is to democracy and to establishing a modern Dominican state. He said he identified with the United States, because he had grown up there. He said he understood perfectly the importance of the bilateral relationship.

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